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A Rural Credit Agency of the
U.S. DEPARTMENT
OF AGRICULTURE

FARMERS HOME
ADMINISTRATION
Program Aid No.1242

AQUACULTURE LOANS

The Farmers Home Administration (FmHA) extends credit to aquaculture operators, farmers, ranchers, rural residents, and communities. The agency helps borrowers gain maximum benefit from loans through counseling and technical assistance. Some loan programs are for individuals and their families. Other loans are made to partnerships, cooperatives, corporations, or public bodies. FmHA employees work with all types of borrowers as well as with State and local officials, planning groups, and government agencies. Aquaculture operators have several FmHA credit programs they can call upon for financial assistance.

Loans for aquaculture purposes may generally be used for the husbandry of aquatic organisms under a controlled or selected environment. Aquatic organisms may consist of fish, mollusks, or crustaceans (or other invertebrates) produced under controlled conditions in ponds, lakes, streams, or similar holding areas. This involves feeding, tending, harvesting and other activities necessary to properly raise and market the products. Aquaculture loans also may be used for special purposes, some of which are described below.

FmHA's loan authorities provide a supplemental source of credit, augmenting the efforts of the private lenders rather than competing with them. Most FmHA programs require that a borrower "graduate" to commercial credit when able to do so. The nature of the agency's operation makes it possible for FmHA to increase the supply of rural credit by drawing money from the major financial institutions.

Most of the programs fall into two categories:

1. Guaranteed loans—made and serviced by a private lender. FmHA guarantees to limit any loss to a specified percentage. Interest rates are determined between borrower and lender unless the rate is established by law.

2. Insured Loans—originated, made, and serviced by FmHA. Notes, backed by the full faith and credit of the Government, are sold to investors usually through the Federal Financing Bank. The investor's money replenishes a revolving loan fund. For most programs, interest rates to borrowers are determined by current cost of Federal borrowing, although some rates are established by statute.

FmHA loans are available to all qualified applicants regardless of race, color, religion, sex, age, marital status, national origin, or physical or mental handicap (provided the individual possesses the capacity to enter into legal contracts).

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

Loans for aquaculture purposes are made to eligible aquaculture operators doing business as individuals, cooperatives, corporations, or partnerships. The various FmHA programs that provide aquaculture loans are briefly described below.

WHAT PROGRAMS CAN BE USED FOR AQUACULTURE LOANS?

Farm Ownership Loans (FO) are made to help eligible applicants to become owner-

operators of family farms, to make efficient use of land, labor and other resources, to carry on sound and successful operations on the farm, and to enable farm families to have a reasonable standard of living. FO loans can be made for the purchase and development of real estate, including water resources.

Operating Loans (OL) are made to operators of family farms and to applicants to become operators of family farms to



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Operating Loans (OL) are made to operators of family farms and to applicants to become operators of family farms to

finance and refinance equipment, livestock, fish, family living and farm operating expenses, and minor land and water improvements. The objectives of the OL program are to improve the operators' living and economic conditions and to help them become established in a sound system of farming.

Emergency Loans (EM) are made in counties where property damage or severe production losses have occurred as a result



of a natural disaster or under a major or emergency declaration by the President. EM loans are made for losses, major adjustments, operating expenses, and other essential needs arising from disasters to enable operators to continue their operations.

Economic Emergency Loans (EE) are made to aquaculture operators and farmers who are suffering economic hardships because of a general lack of credit or areawide economic stresses. EE loans can be made to help eligible farmers, including aquaculture operators, continue their normal operations during a temporary economic emergency.

Soil and Water Loans (SW) are made to finance land and water development measures, forestations, drainage of farmland, irrigation, pasture improvement and related land and water use adjustments.

Recreational Loans (RL) are made to assist eligible farmers to convert all or a portion of the farm or ranch they own or operate to outdoor income-producing recreation enterprises, which will supplement or supplant farm income and permit them to carry on sound and successful operations.

Business and Industrial Loans (B&I) are made to promote development of business and industry, including aquaculture, in cities and towns under 50,000 population. Preference is given to applications for projects in open country, rural communities and towns of 25,000 and smaller. The primary purpose of B&I loans is to create and maintain employment and improve the economic and environmental climate in rural communities. B&I loans can be made

for the conservation, development, and utilization of water for aquaculture purposes. For B&I loans, aquaculture means the culture or husbandry of aquatic animals or plants by private industry for commercial purposes including growing fish to create or augment public owned and regulated stocks of fish. B&I loans also may be made for aquaculture-related businesses (e.g., processing plants, fishing vessels).

Resource Conservation and Development Loans (RC&D) are made to public agencies and nonprofit corporations in areas that have been designated by the Secretary of Agriculture for resource conservation and development projects. The loans may be advanced only after an RC&D project plan has been developed by sponsors with guidance by the Soil Conservation Service (SCS). RC&D loans help local people meet their share of project costs. These loans can be made for planning and development for the conservation, development, and utilization of water for aquaculture purposes.

Farm Labor Housing (LH) loans and grants are made to individual farm owners, associations of farmers, State or political subdivisions, or broad-based public or private nonprofit organizations, or nonprofit organizations of farm workers to provide decent, safe, and sanitary housing and related facilities for domestic farm labor. Domestic farm labor includes persons working in aquaculture operations.

WHERE CAN APPLICATIONS BE MADE?

FmHA is a decentralized agency with 46 State offices covering all 50 States plus Puerto Rico, the Virgin Islands, Guam and other territories and possessions of the United States. All rural counties are served from more than 1,800 county offices, usually located in county seats.

Information on all loans is available at the FmHA office serving the county in which the farm, home, or community is located. In programs where the agency is authorized to guarantee loans, a lender will be the primary source of a borrower's contact for funds and for supervision. In instances where FmHA writes the check for the loan, application is made at the county office, and most loans will be approved at that office, with some large or specialized ones being handled at district or State levels.

If the address and telephone number of the FmHA office cannot be found in the local telephone directory, write Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250, for the address of the office serving your county.

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